

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7176

BILL NUMBER: HB 1652

NOTE PREPARED: Jan 10, 2005

BILL AMENDED:

SUBJECT: Excise Tax on Newsprint.

FIRST AUTHOR: Rep. Wolkins

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a publisher of a newspaper to pay an excise tax of \$25 for each metric ton of paper used to publish a newspaper in Indiana. It requires the Department of Environmental Management to develop a grant program to assist newspaper publishers in upgrading their presses to facilitate the use of recycled paper. The bill also provides a credit against the tax for the use of recycled paper.

Effective Date: July 1, 2005.

Explanation of State Expenditures: Any additional expenses incurred by the Department of Environmental Management in establishing the recycled paper grant program are to be paid from the Recycled Paper Promotion Fund.

Explanation of State Revenues: The proposal assesses a fee on newspaper publishers for each metric ton of paper used to publish a paper in Indiana. A fee of \$25 must be paid for each metric ton of paper used by a publisher who prints newspaper in Indiana. Fees must be paid to the Treasurer of State before the 15th day of each month.

There are approximately 133 newspaper publishers in Indiana, however, not all of them use their own printing presses. According to a survey of publishers who use their own presses, at least 109,919 metric tons of newsprint were used in 2003. Based on this figure, the \$25 fee would generate \$2.7 M.

A credit for using recycled paper is also provided for in this bill. A publisher can claim a \$25 credit for each ton of recycled paper used each month. According to the survey, approximately 78% of the 109,919 metric tons

of newsprint contained some percentage of recycled content. If the fee is applied to the remaining 24,182 metric tons of newsprint used, the \$25 fee would generate \$604,550.

The bill also creates the Recycled Paper Promotion Fund which is to consist of revenue generated by the \$25 fee. The purpose of the dedicated Fund is for the Department of Environmental Management to develop a grant program to assist publishers in upgrading their presses for the use of recycled content paper.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Environmental Management.

Local Agencies Affected:

Information Sources: Steve Key, Hoosier State Press Association.

Fiscal Analyst: Valerie Ruda, 317-232-9867.